Headquarters U.S. Air Force

Integrity - Service - Excellence

Generic RFP

Selected Legal Topics

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OVERVIEW

- **Appendix Q – Lockbox Agreement**
- **Appendix U – Lease of Property**
- **Appendix W – Mandatory Tenant Lease Clauses**

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Generic RFP – Legal Topics

Appendix Q - Lockbox Agreement

- Article I (Definitions and Use of Phrases)
- Article II (Representations, Warranties and Covenants)
- Article III (Necessity of Lockbox)
- Article IV (Establishment of Lockbox Accounts)
- Article V (Covenants of the Borrower)
- Article VI (Defaults and Remedies)
- Article VII (Duties of the Lockbox Agent)
- Article VIII (Miscellaneous)

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Appendix Q - Lockbox Agreement

- **Lockbox Agreement serves as a mechanism to receive, accumulate and distribute project income for:**
  - **Operation of the property in accordance with the terms and provisions of the transactional documents**
  - **Demolition, rehabilitation, construction and other work comprising the project**
  - **Funding of certain accounts for the continued maintenance of the property, as required by the transactional documents**
  - **Timely repayment of the Construction Loan, the Direct Loan, and certain fees and expenses**

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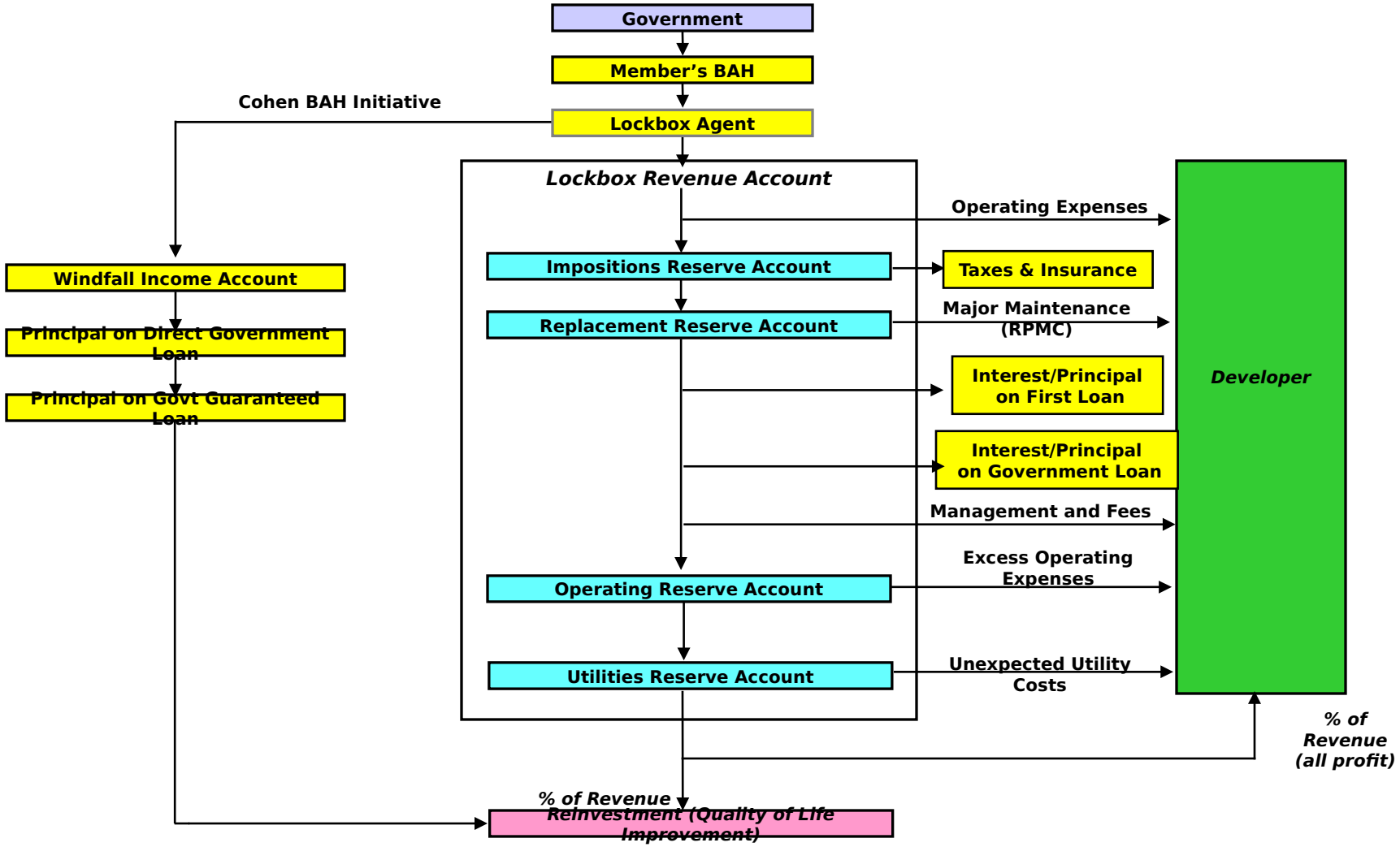
Appendix Q - Lockbox Agreement (Waterfall Distribution)



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Appendix Q - Lockbox Agreement

- **Utilities Reserve Account clause (Section 4.08)**
  - **Protects service members from spikes in utility rates or unexpected increases in utility costs beyond the control of the military member or the Air Force**
    - **These increased costs would be in excess of the calculated 110 percent of aggregated utility costs**
    - **These increased costs would not be incurred as a result of any increased consumption**

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Appendix U - Lease of Property

- **Includes 32 Conditions and 9 Exhibits**
  - **Exhibit A - Description of Leased Premises**
  - **Exhibit B - Map of Leased Premises**
  - **Exhibit C - Physical Condition Report**
  - **Exhibit D - Environmental Baseline Survey**
  - **Exhibit E - Operating Agreement**
  - **Exhibit F - Lockbox Agreement**
  - **Exhibit G - Title X Lead-Based Paint Disclosure Statement**
  - **Exhibit H - Quitclaim Deed/Bill of Sale**
  - **Exhibit I - Memorandum of Lease [Only if permitted by State]**

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Appendix U - Lease of Property

What Happens on Expiration of Lease?

- The Developer can demolish the housing units and return the land to its natural state
  - The Duty to Remove clause (Section 9.1.4) provides a mechanism for the Developer and the Air Force to discuss their disengagement plan prior to the expiration of the lease. The Air Force may accept the improvements in lieu of demolition and restoration
- The parties may negotiate an extension or renewal of the lease (assuming Congressional funding)
- The Air Force may purchase the housing from the Developer (assuming Congressional funding)

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Appendix W – Mandatory Tenant Lease Clauses

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- **Appendix W - Mandatory Tenant Lease Clauses**
  - **Some Applicable to Military and some to non-military tenants**
  - **Tenant's Renters Insurance clause (also referenced in the RFP)**
    - **Provides a mechanism for military members to apply for a no-deductible all-risks property and casualty insurance policy in an amount of not less than $40,000**
    - **Furnished at the expense of the Developer and serves as an added incentive for military members to live in privatized housing**

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Questions?

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